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202 463-4108
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September 11, 2002

Ms Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

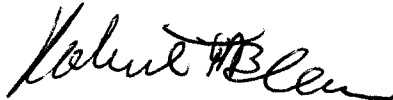
Re: CC Docket No. 01-338

Dear Ms Dortch:

On September 4, 2002 BellSouth filed the attached ex parte notice under an incorrect docket number.

In accordance with Commission rules, I am filing two copies of this notice and request that they be included in the record of the proceeding identified above.

Sincerely,



Robert T. Blau

Attachment

cc: Commissioner Copps
Jordan Goldstein

STAMP & RETURN

BELLSOUTH

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September 3, 2002

Ms Marlene H. Dortch
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

RECEIVED

SEP - 4 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: WC Docket No. 01-339

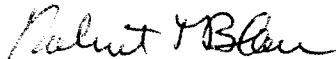
Dear Ms Dortch:

This is to inform you that on August 29, 2002, Duane Ackerman, Margaret Greene, Herschel Abbott, and I, all representing BellSouth, met with Commissioner Michael Copps and his senior legal advisor, Mr. Jordan Goldstein to discuss some of the more pressing financial challenges facing local exchange carriers, and the telecom industry more generally.

Topics addressed during the course of this meeting are summarized in the attached presentation. In addition to explaining various factors that are contributing to financial turmoil throughout the telecom industry, we discussed steps that the Commission could take to help restore investor confidence. These included paring back the number of unbundled network elements that BellSouth and other incumbent local exchange carriers are required to provide at non-compensatory TELRIC rates.

In accordance with Section 1.1206, I am filing two copies of this notice and request that you place it in the record of the proceeding identified above. Thank you.

Sincerely,



Robert T. Blau

cc: Commissioner Copps
Jordan Goldstein

Attachments

**Wireline Telecommunications:
Situation Analysis and Recommendations**

August 29, 2002

Executive Summary

- The Telecom industry is caught in the midst of a crisis created by four dynamics which have together resulted in massive excess industry capacity:
 - Internet “explosion”
 - Technology competition
 - Telecom Act Implementation- Economic downturn
- The combination of these dynamics has created a situation that carries huge, *long-term* negative implications for telecom investment, innovation and universal service.
- The number of business failures with the industry and the nature of bankruptcy law will exacerbate the situation.
- Specific changes in the regulatory framework provide the single best lever to stabilize the sector in the near-term.

Discussion Outline

■ Current Industry

■ What Happened?

■ Proposed Solutions

Current State of the Telecom Industry

- **As a significant part of the U.S. economy as well as the core infrastructure, the Telecom industry has the potential to be a long-term drag on the overall economy's growth and productivity.**

- **Massive Excess Capacity.** Industry analysts estimate that less than 97% of the fiber in the US has been lit.

- **Diminished Investor Confidence and Constrained Access to Capital.**
 - » 6 of 7 major domestic wireline carriers' debt has been downgraded since January 2000. Of these companies, two are rated as "junk" and two others are near junk status.
 - » Equity capital raised by Telecom carriers has declined from \$31B in 1999 to \$7B in the first half of 2002.

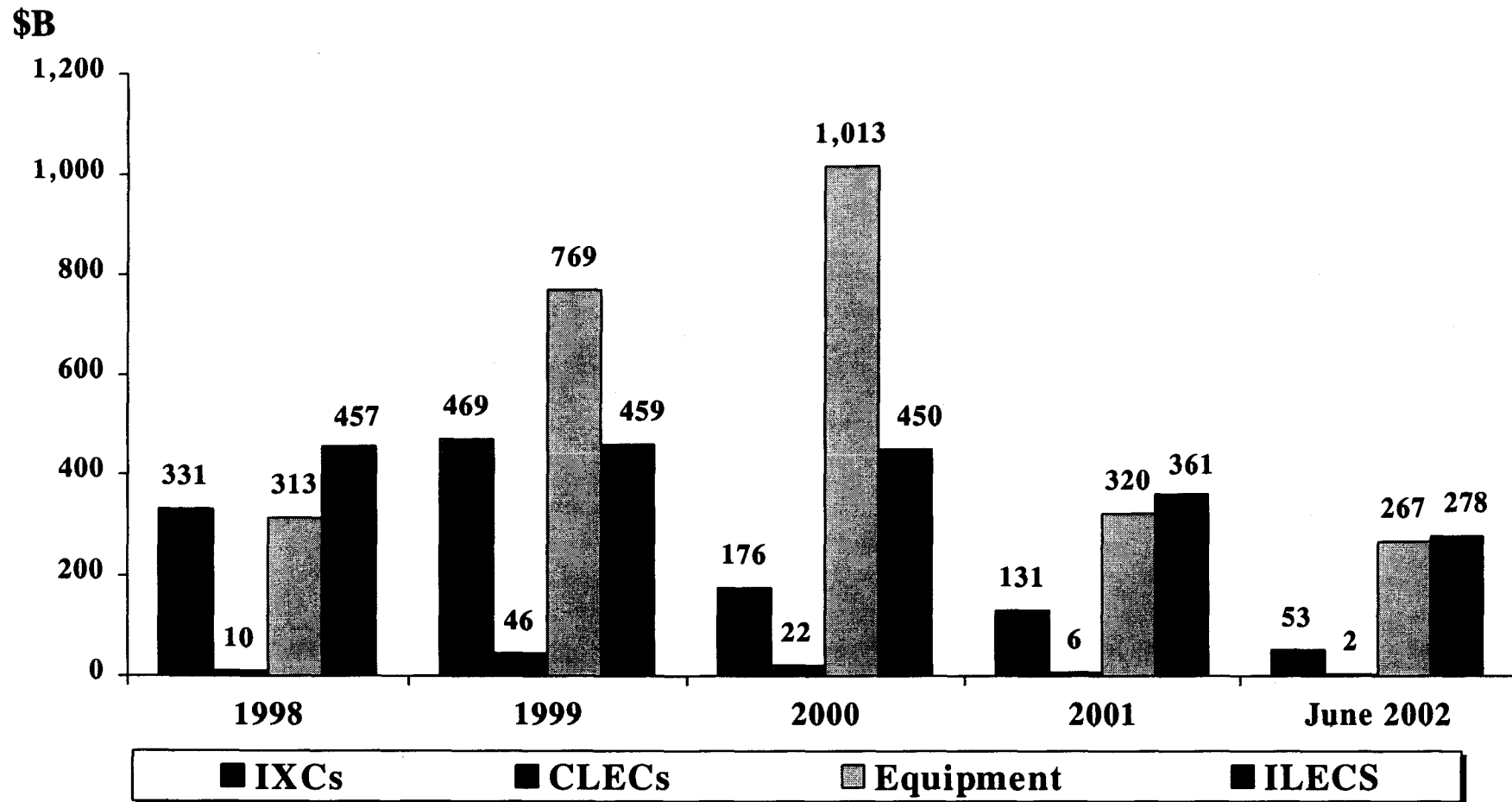
- **Reduced Capital Spending / Innovation.** Annual Telecom capital spending will decline from \$97B in 2001 to a projected level of \$69B in 2002 (28%).

- **Declining Revenue Growth.** Telecom industry revenue growth has declined from 11% in 1998 to -3% in 1st Qtr 2002.

- **Widespread Layoffs and Bankruptcies**
 - » Over 80 bankruptcies have been filed in the Telecom sector since January 2000.
 - » Telecom layoffs have exceeded all industries in 9 of the last 12 months, and announcements total more than 600,000 since January 2000.

Current State of Telecom Industry

- The implosion of the Telecom industry has resulted in the destruction of \$1.4 trillion in shareholder value (from each segment's high point).

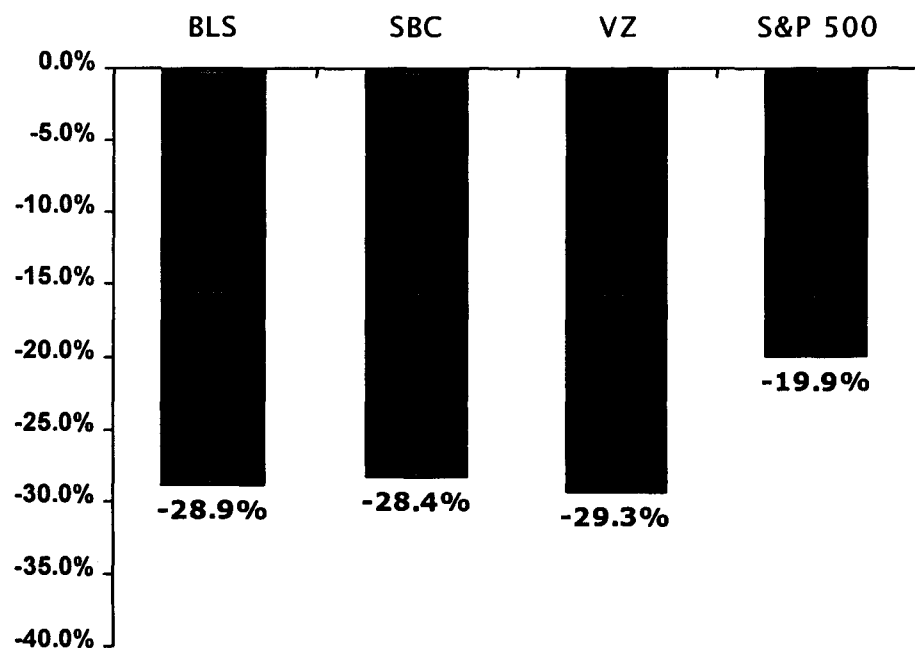


Current State of Telecom Industry

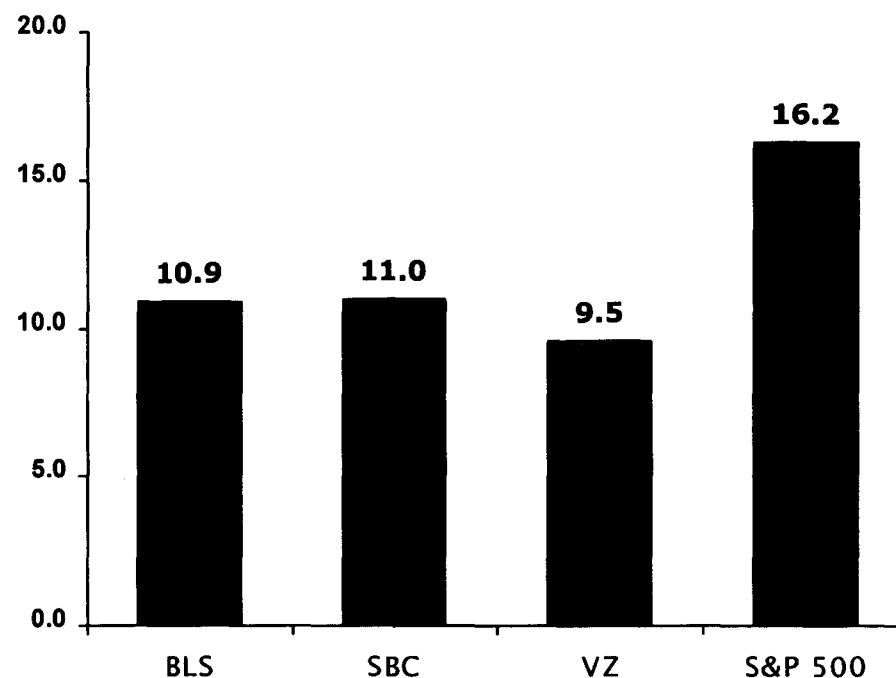
- Far from being immune, ILECs are increasingly viewed as high risk due in part to heightened analyst understanding of UNE-P impact. BellSouth, along with the other ILECs, are trading at historically high discounts to the market.

2002 Shareholder Returns

Through 8/5/02

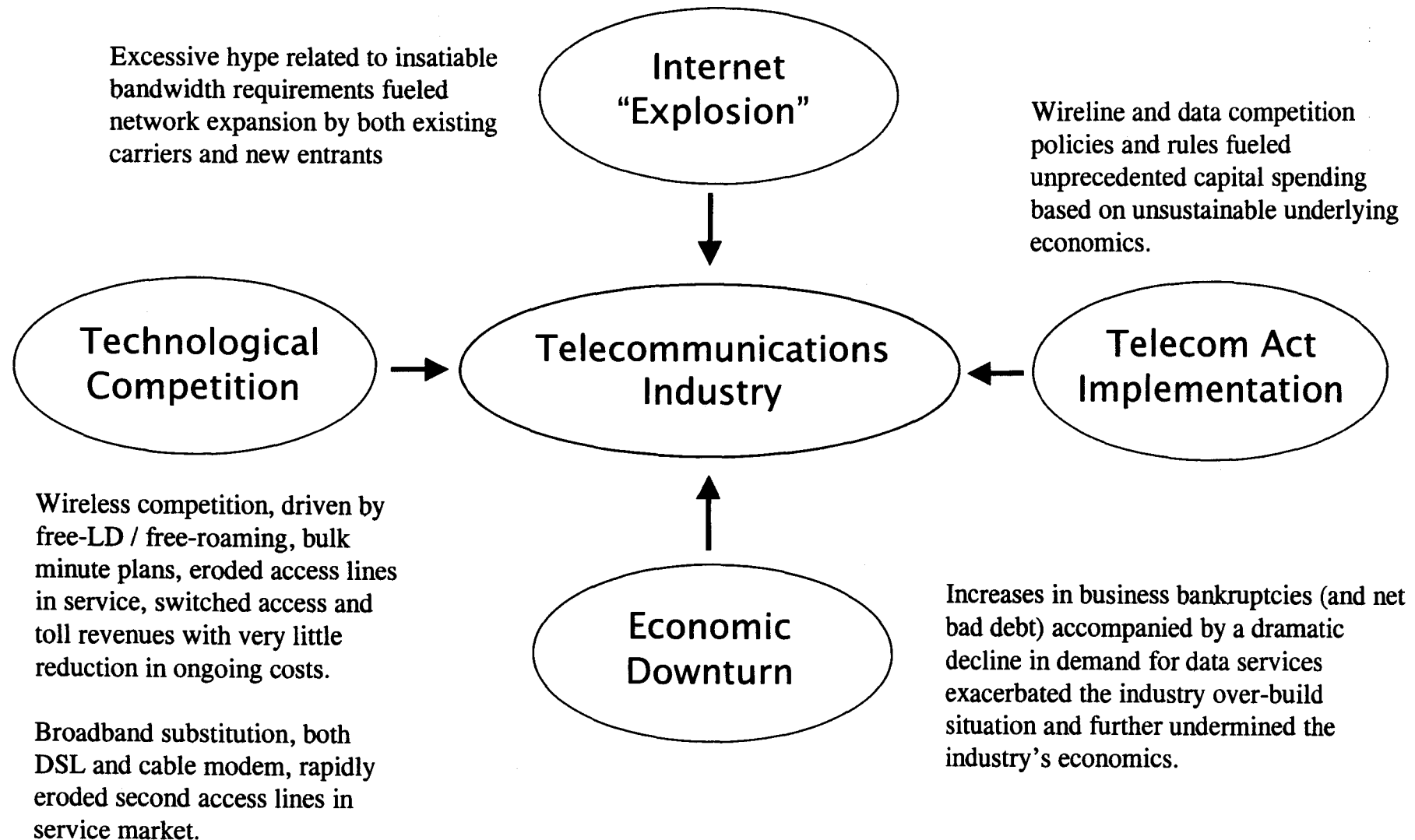


Current P/E Comparisons



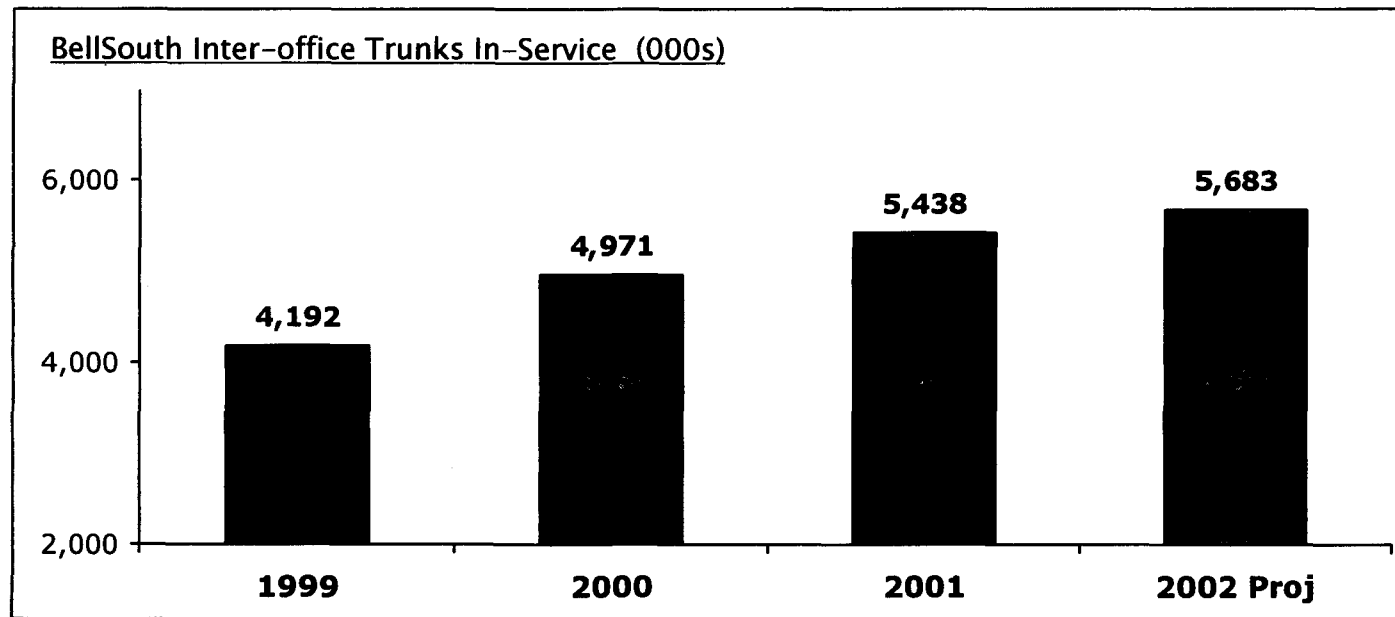
What Happened?

- **The massive excess capacity within the Telecom industry is the result of four contributing dynamics.**



What Happened - Internet "Explosion"

- **Although Internet growth did not meet publicized expectations, the annual doubling of Internet traffic dramatically increased the permanent cost of maintaining the PSTN.**
- **Flat-rate Internet pricing, enabled by the FCC's exemption from per-minute access charges, increased the design requirements for the PSTN by adding longer call duration traffic to the network. The call duration of dial Internet access traffic is estimated to be six times longer than traditional voice traffic.**
- **As a result, the combination of CLEC and Internet growth substantially increased ILEC inter-office trunk requirements. The ILECs earned virtually no incremental revenue on this incremental investment.**



What Happened – Economic Downturn

- **While not the cause of the Telecom industry implosion, the economic downturn exposed systemic industry issues sooner, creating an environment where businesses are retrenching and Carriers are grooming their networks.**

- **In-region business bankruptcies have substantially increased in 2002. In BellSouth's Large Business market, new voice access line connections have declined 47% in the first half of 2002 relative to the same period in 2001.**

- **In BellSouth's Carrier market, growth in hi-cap services (a \$1.1B revenue stream in 2001) has declined from 33% growth in the first half of 2001 to -2.5% in the same period of 2002.**

- **The growth rate in total BellSouth wireline Data revenues (a \$4B revenue stream in 2001) has declined from 24% in 2001 to only 6% in the second quarter of 2002.**

- **The downturn in the internet market has driven a 25%, or \$100 million, decline in BellSouth's revenues from Internet Service Providers (ISPs) in 2002.**

- **Net bad debt has increased across all segments of the wireline business. Year-to-date, BellSouth's uncollectibles expense is 80%, or \$127 million, higher than 2001.**

What Happened – Telecom Act Implementation

➤ Implementation of the Act:

- Successfully stimulated wireline competition
- Eroded ILEC margins while increasing fixed costs
- Delayed entry into long distance diminishing revenue opportunities

What Happened – Telecom Act Implementation – Competition

➤ **Competitive activity in the BellSouth region continues to be robust.**

- 354 CLECs providing local telephone service (**up 61, or 21 %** since January 1st) to over 4.4 million lines.

- » 3,930 collocation arrangements in 548 wire centers
- » 297 operational Competitor switches
- » 259 operational points-of-interface (POIs) connected to the BellSouth network

- Competitive lines served on the BellSouth network:

- » Resale: 543K (2.1 % of total lines)
- » UNE-Platform: 1,115K (4.3 % of total lines)
- » UNE Non-Data Loops: 365K (1.4 % of total lines)
- » UNE Data Loops: 40K

- Estimated additional Competitive lines served **entirely off the BellSouth network**: 2,305K (8.4 % of total lines)

- Estimated BellSouth Retail Market Share:

- » Residence: 15,755K (92 % of total residence lines)
- » Business: 5,887K (**66 %** of total business lines)

What Happened – Telecom Act Implementation – Competition

Competition was introduced by imposing a hypothetical cost-based wholesale rate structure into a historical social goal-based retail rate structure.

Actual Monthly BellSouth Service Rates (as of 8/15/02)

	Metro	Rural	Metro	Rural
AL	16	15	36	36
FL	11	7	30	20
GA	17	12	48	25
KY	18	14	33	35
LA	13	11	33	29
MS	19	15	37	35
NC	13	10	34	28
SC	15	13	43	33
TN	12	8	40	27

Metro	Rural
13	34
13	33
14	26
11	31
13	48
12	44
12	34
15	27
13	23

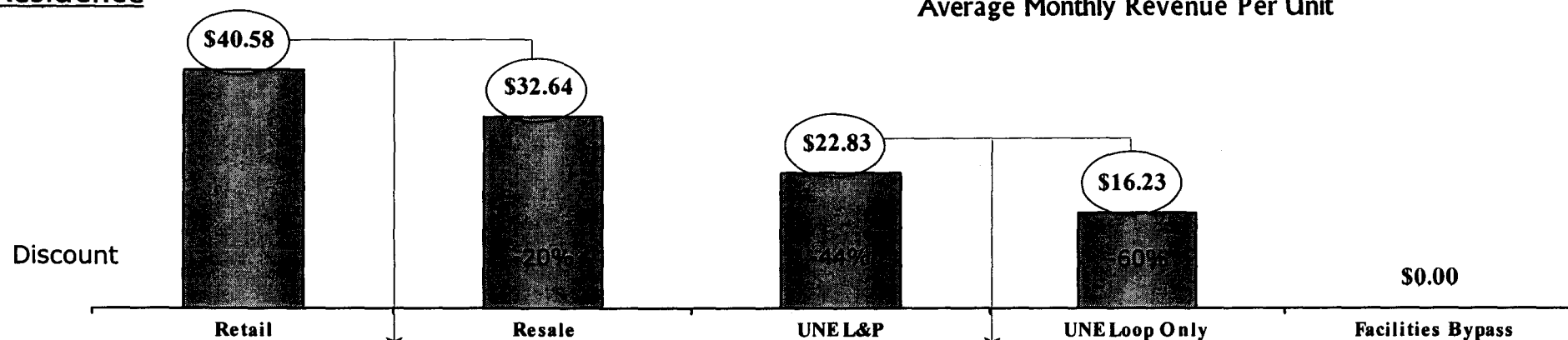
Metro	Rural
16	38
16	35
17	26
14	35
18	55
16	49
17	37
19	31
17	26

What Happened – Telecom Act Implementation - Uneconomic Competitive Rules

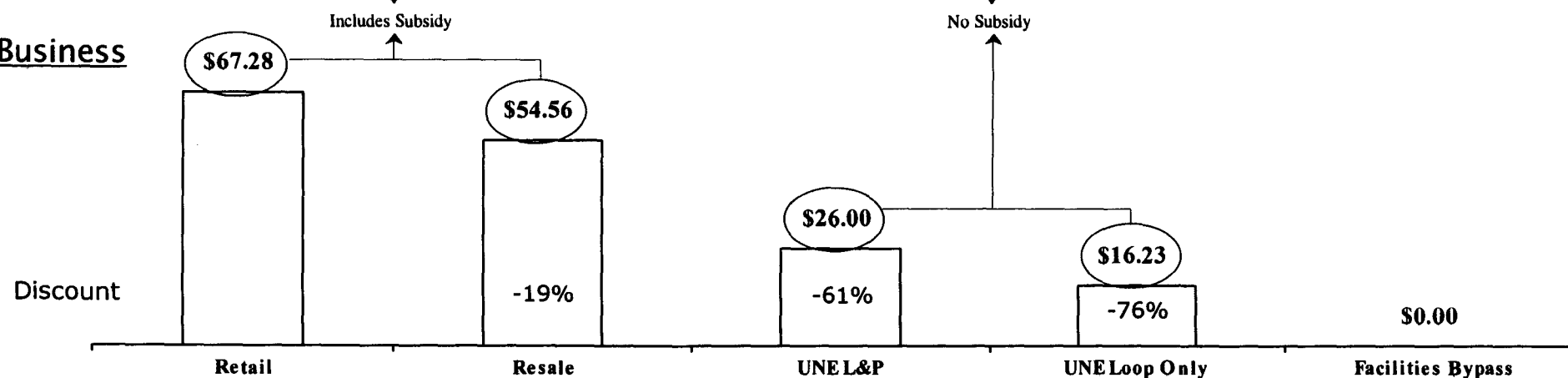
- UNE pricing (set at roughly one half ILEC Retail rates) has been the primary mechanism to accomplish this competitive “end”...

Residence

Average Monthly Revenue Per Unit



Business

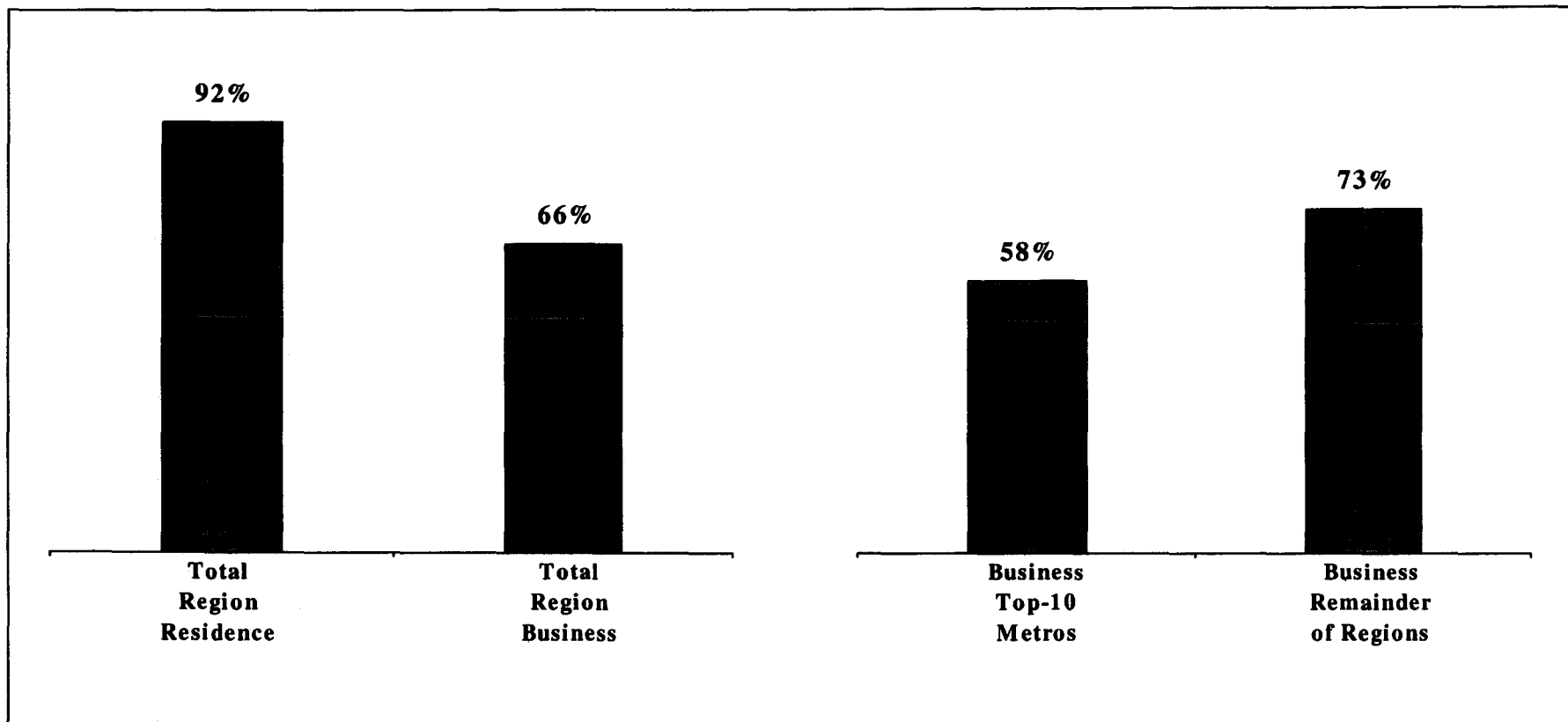


... placing ILECs at a significant competitive disadvantage in that they bear the entire framework of subsidies built into their rates (where margins are richer in business than residence, and in urban than rural), allowing CLECs to cream-skim the highest value customers ...

What Happened – Telecom Act Implementation - Uneconomic Competitive Rules

- ... The pattern of cream-skimming is evident in BellSouth's market share activity ...

% BellSouth Retail Market Share



What Happened – Telecom Act Implementation - Uneconomic Competitive Rules

- **Most importantly, UNE prices (predicated on the theoretical costs to build and maintain a theoretical network that will never exist) have resulted in pricing to ILEC competitors below actual costs . . .**

<u>Georgia - Business</u>	<u>Retail</u>	<u>UNE-P</u>	<u>% Change</u>
Revenue			
Basic Service	\$ 52.85	\$ 21.91	
Features & Other Services	\$ 11.25	-	
SWA/ LIC	\$ 4.10	\$ 0.09	
Total Revenue	\$ 68.20	\$ 22.00	-68%
Expense			
Customer Care	\$ 3.26	\$ 4.37 [1]	
Line Maintenance	\$ 3.51	\$ 3.51	
Asset-Related	\$ 6.12	\$ 6.12	
Uncollectibles	\$ 0.57	\$ 0.64 [2]	
Total Expense	\$ 13.46	\$ 14.64	9%
Product Contribution	\$ 54.74	\$ 7.36	-87%
Non-Product-Specific Shared Costs	\$ 9.29	\$ 9.29	-
Pretax Margin	\$ 45.45	\$ (1.93)	-104%

[1] Retail per unit costs lower due to scale and absence of unique customer interface arrangements.

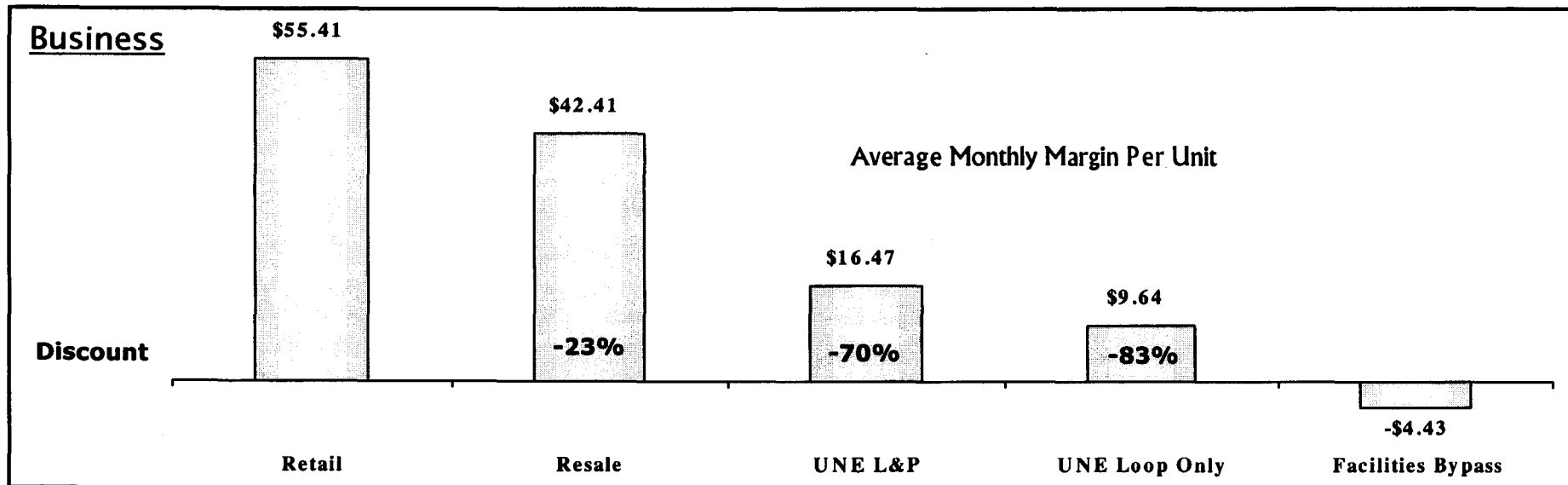
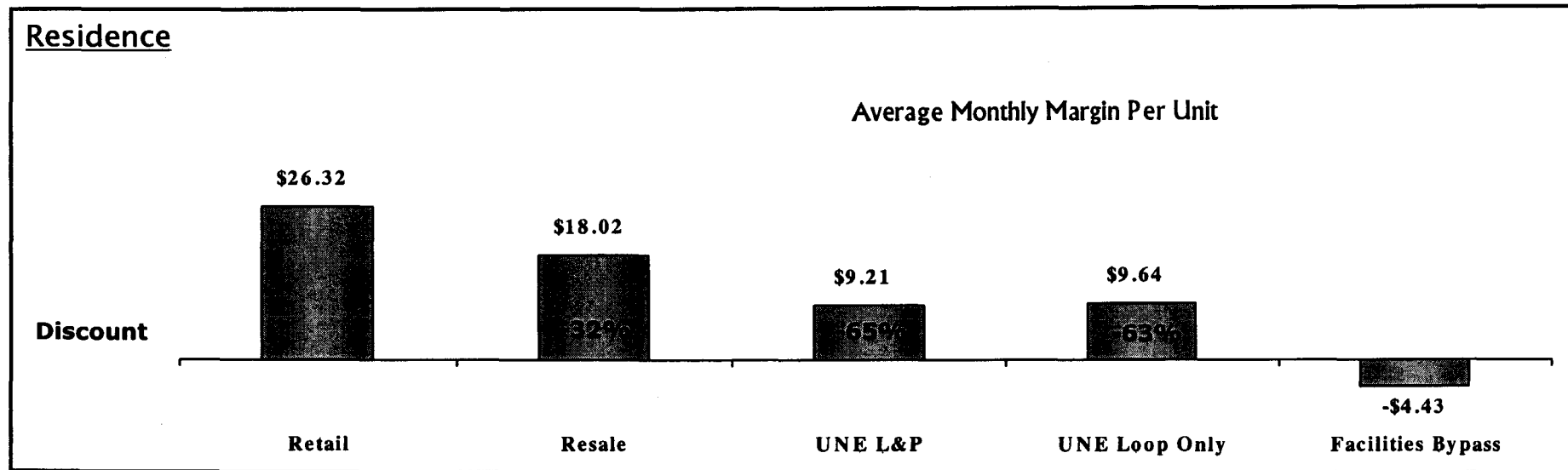
[2] Wholesale uncollectibles expense has been approximately three times the Retail level due to business failures.

Source: BellSouth Activity-Based Accounting System

. . . The financial burden on the ILECs associated with UNE-P pricing is magnified since UNE-P lines actually carry higher costs than Retail lines. This combination literally bleeds the profitability out of the ILECs.

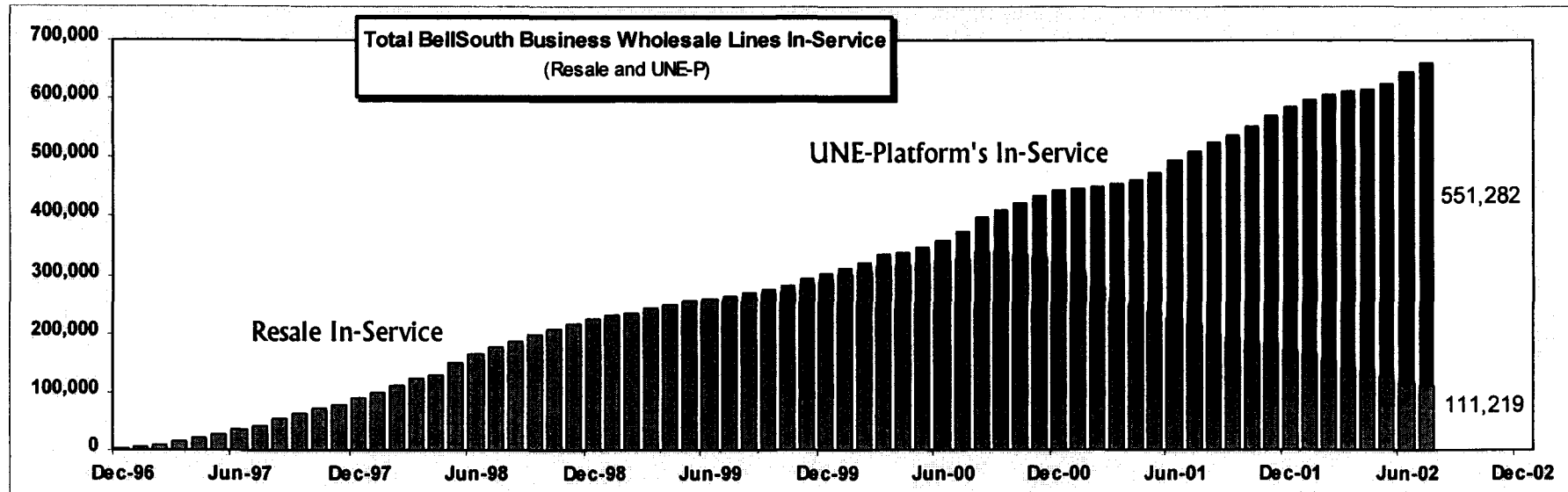
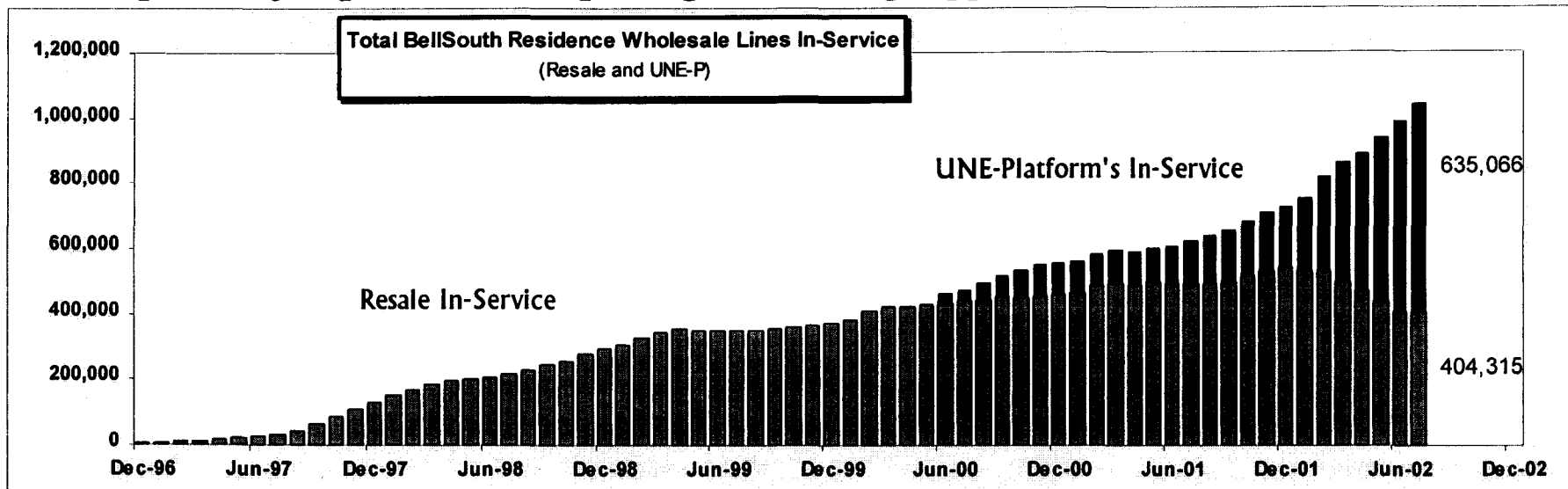
What Happened – Telecom Act Implementation - Uneconomic Competitive Rules

- On a regional basis, BellSouth's margins decline by 65% to 80% under UNE pricing relative to retail pricing.



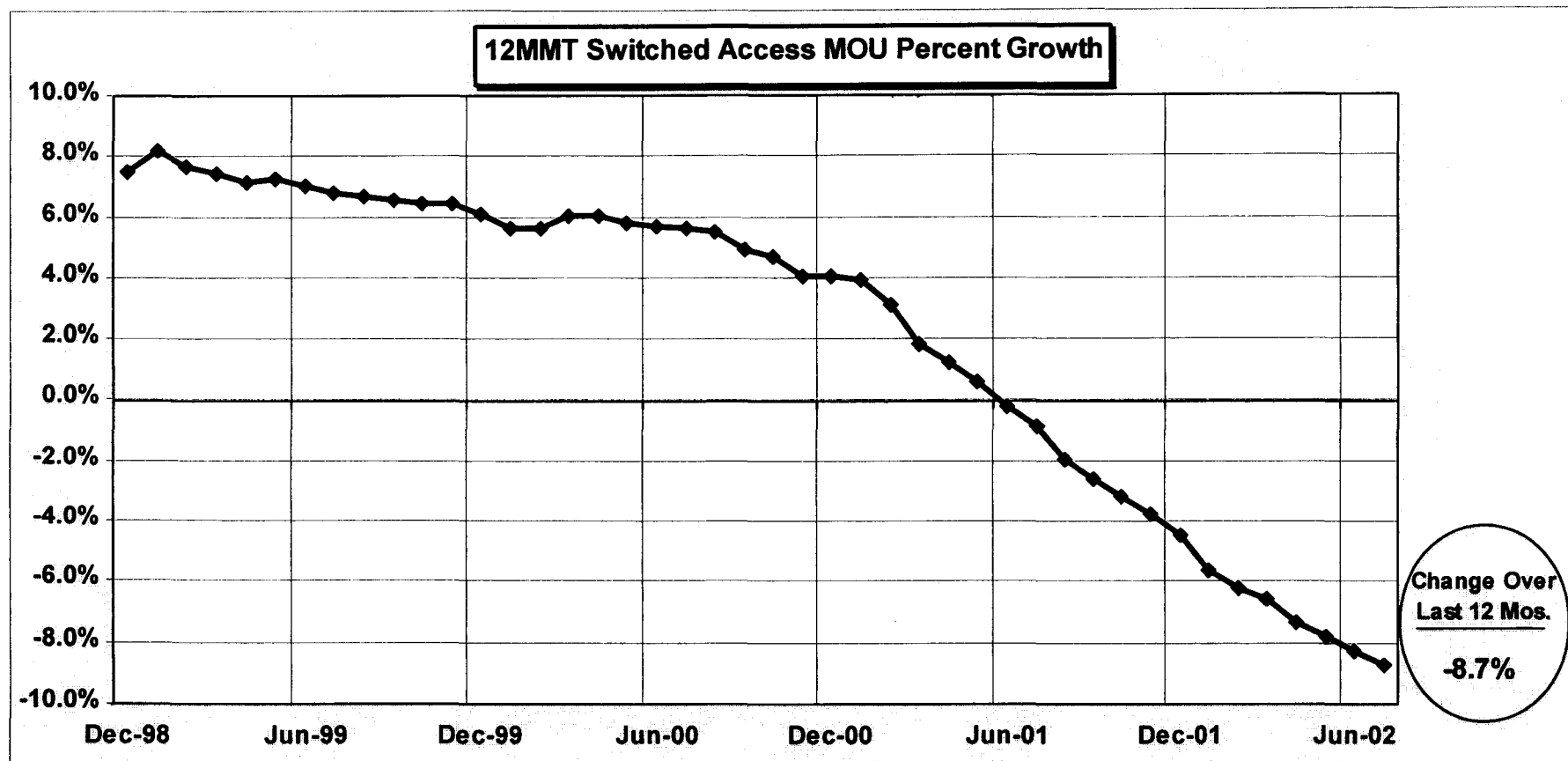
What Happened – Telecom Act Implementation - Competition

- Not surprisingly, the growth in wholesale access has shown little evidence of the financial turmoil as few competitors have discontinued, or even slowed, operations while in bankruptcy and as more competitors jump on UNE-P capturing the arbitrage opportunity.



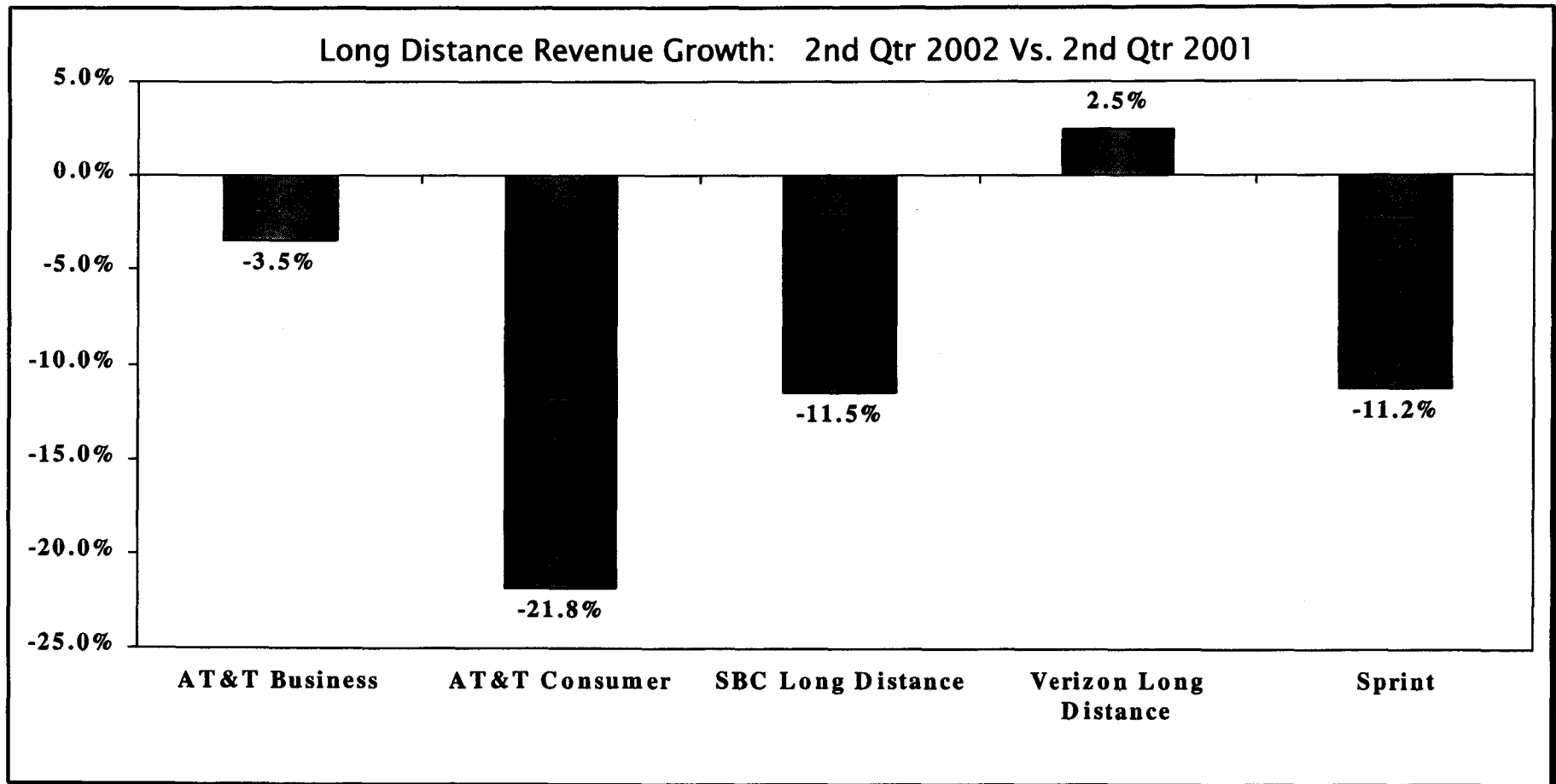
What Happened – Telecom Act Implementation - Competition

- In addition to margin pressure caused by UNE-P, the change in network usage, which drives BellSouth's \$1.0B Switched Access revenue stream, also provides evidence of competitive line loss and wireless competition and it further erodes financial stability.



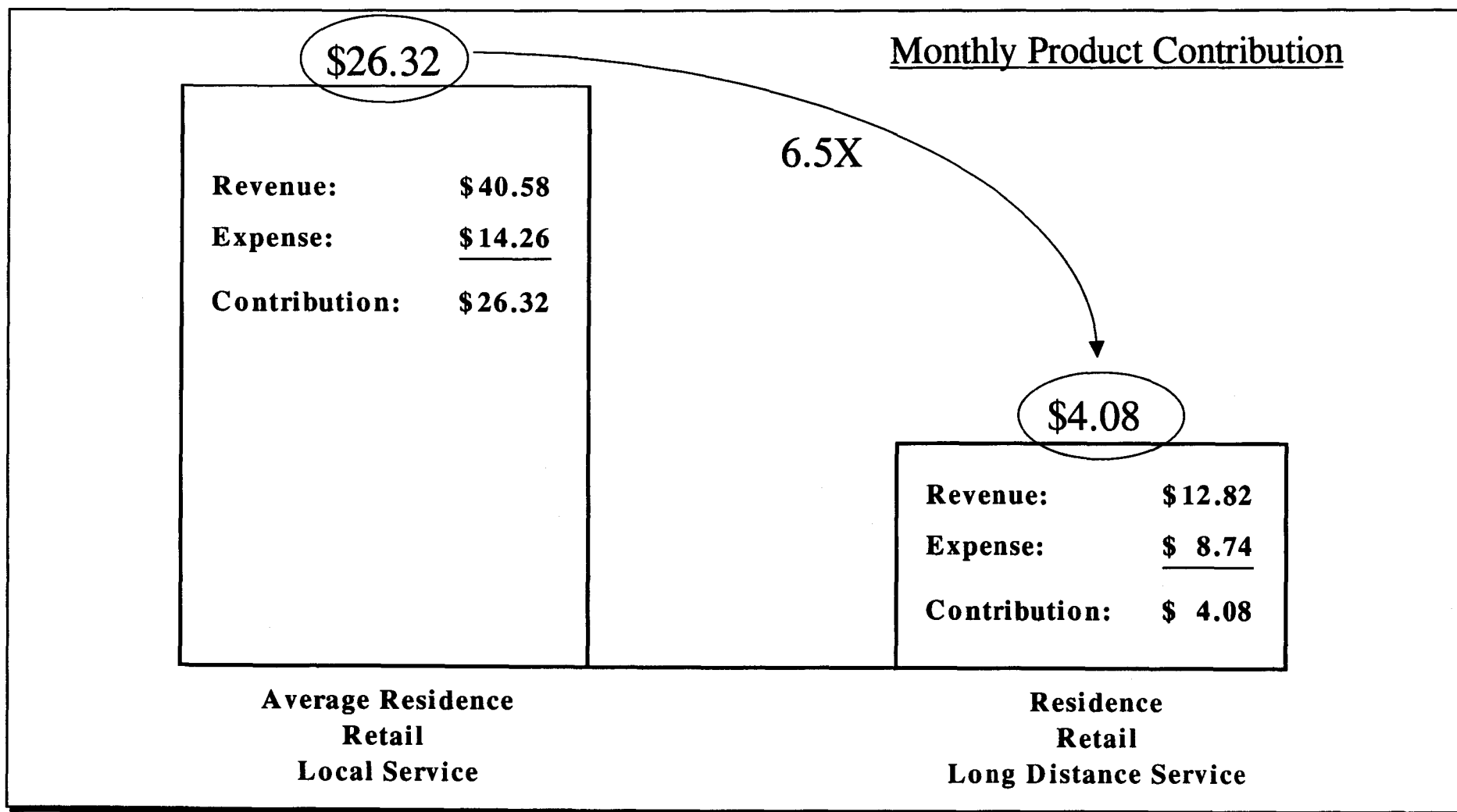
What Happened – Telecom Act Implementation – Competition – New Products

- While still critical to BellSouth's product "bundle," the revenue and contribution growth potential associated with Long Distance is limited as a result of intense wireline and wireless competition. Long Distance will not fill the gap created by UNE-P.



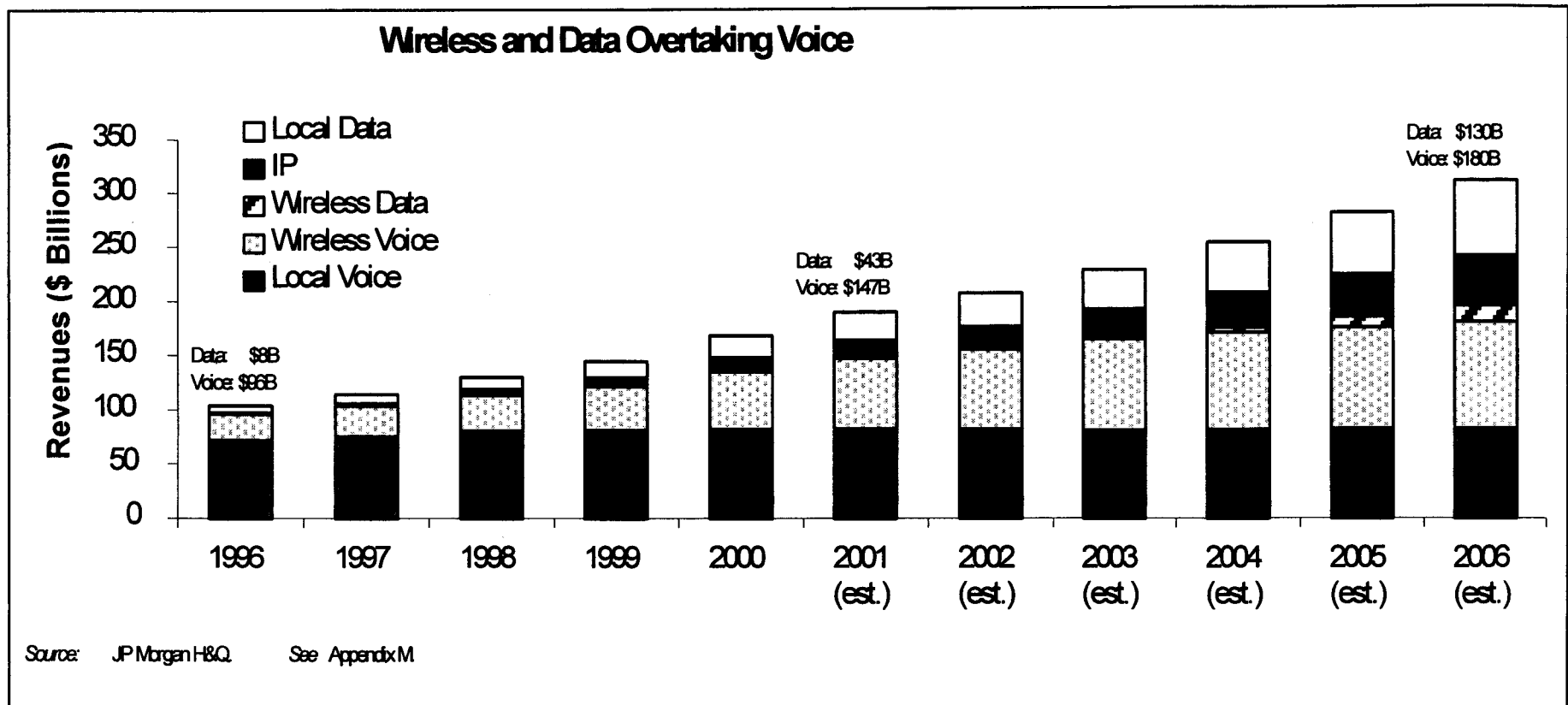
What Happened – Telecom Act Implementation – Competition – New Products

- Driven by wireless competition and excess capacity, long distance margins have declined significantly. It now requires six and one half new long distance customers to replace the monthly contribution margin associated with one local service customer.



What Happened – Technological Competition

- With growing inter-modal competition, role of wireline local voice is rapidly declining as traffic moves to wireless and data networks. Yet regulation remains singularly focused on wireline.

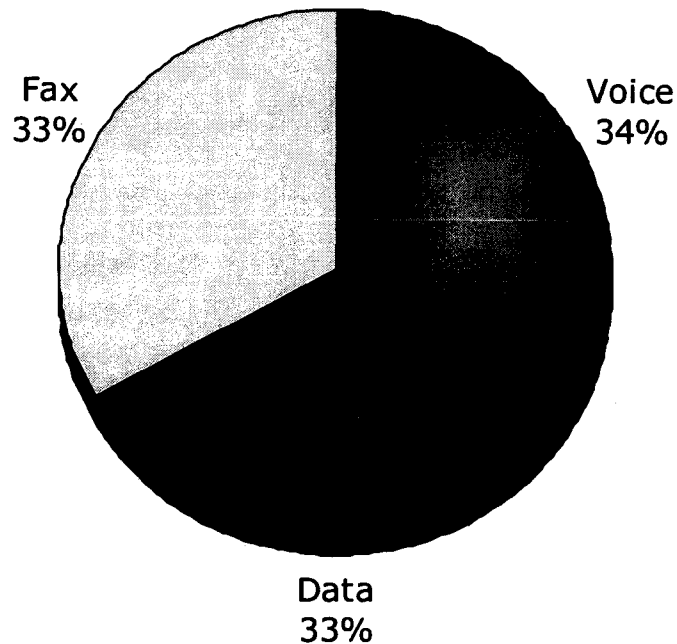


Fact Report reference: p. I-15

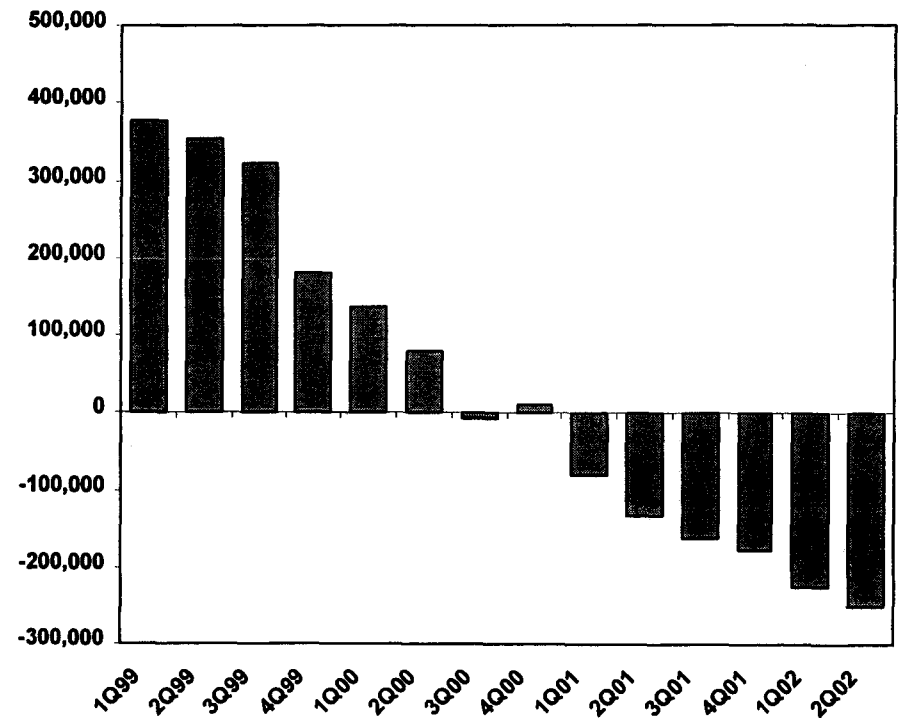
What Happened – Technological Competition

- **Wireless competition and broadband substitution have had a dramatic impact on BellSouth's embedded residential additional line base as well as the Company's ability to drive further penetration. The result has been increasing excess capacity, further pressuring the fixed cost structure of the Company's distribution network.**

Composition of BellSouth's 2.1 million Residential Additional Lines

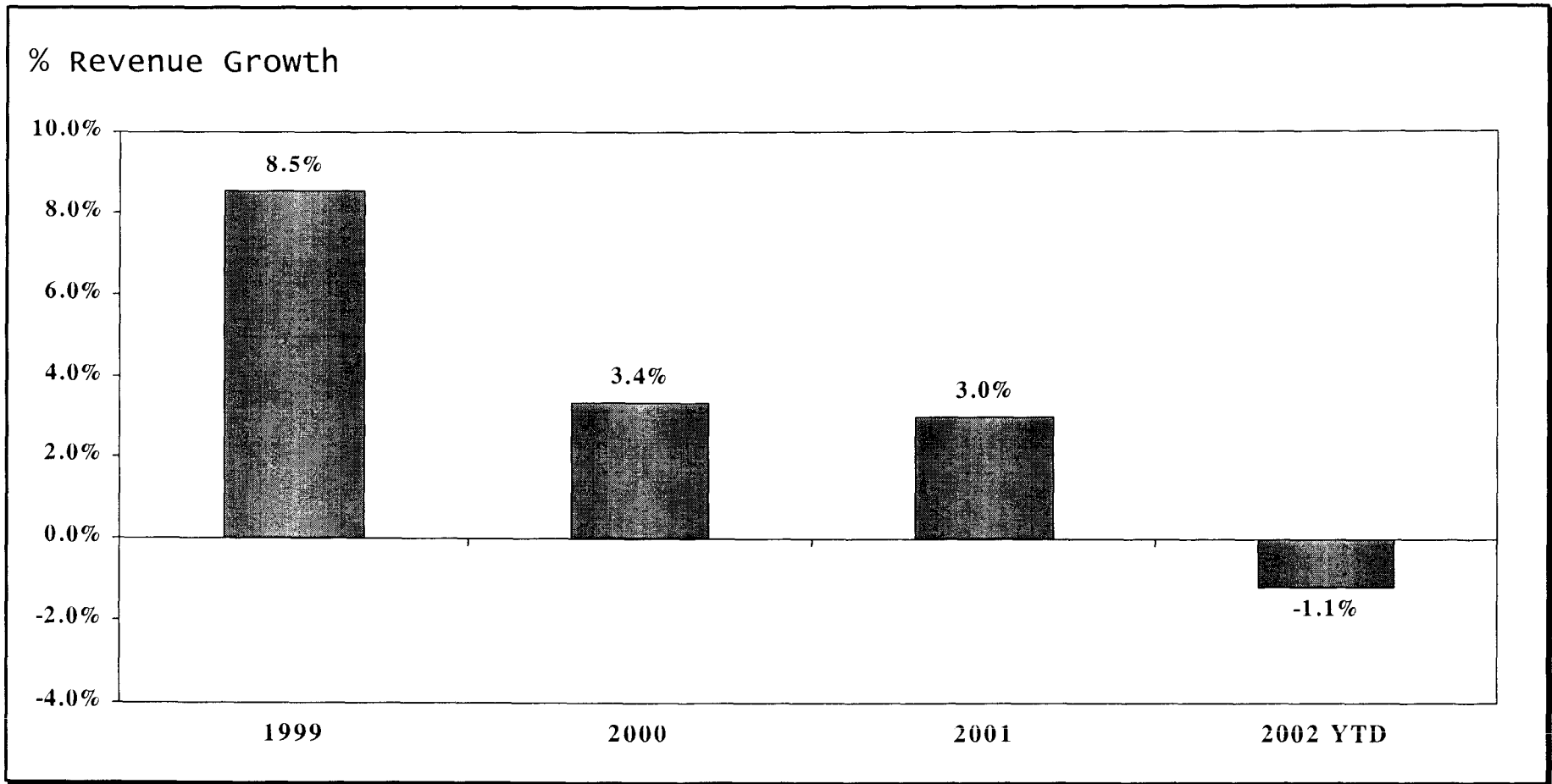


Quarterly Change in Additional Lines



What Happened? – End Result of the Four Pressures

- The cumulative affect of access line losses to wireline and wireless competitors has driven BellSouth's top line growth negative in 2002.

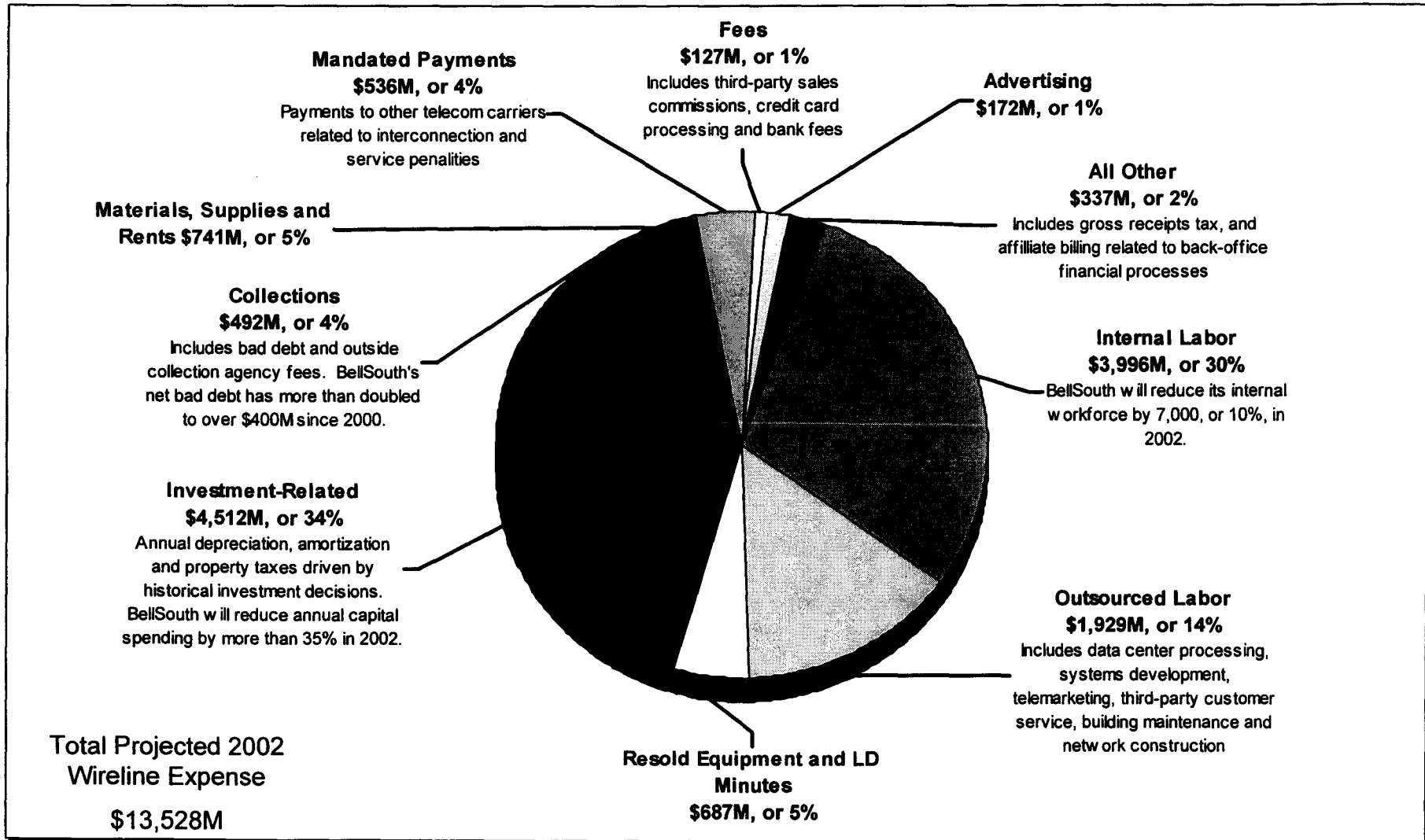


Proposed Solutions – Restore Financial Integrity

- 1. Attack Cost**
- 2. Create Conditions to Stabilize Network Economics**

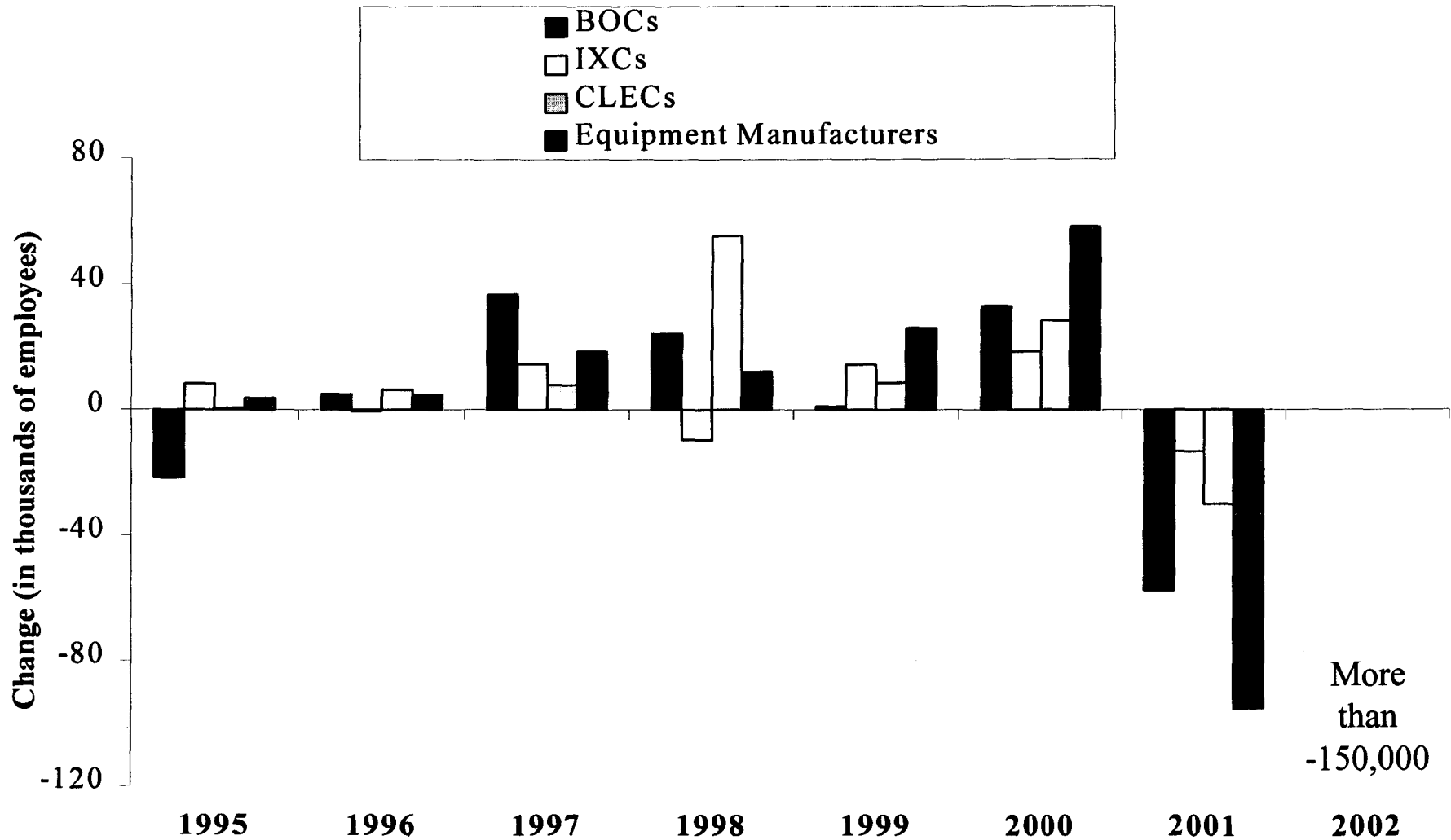
Proposed Solutions – Cost Structure

- **BellSouth must insure the integrity of its balance sheet. With Labor and investment-related cost representing 44% and 34% of BellSouth's annual expense, respectively, few levers are available to offset the effects of declining revenues and margins.**



Proposed Solution - Cost Structure

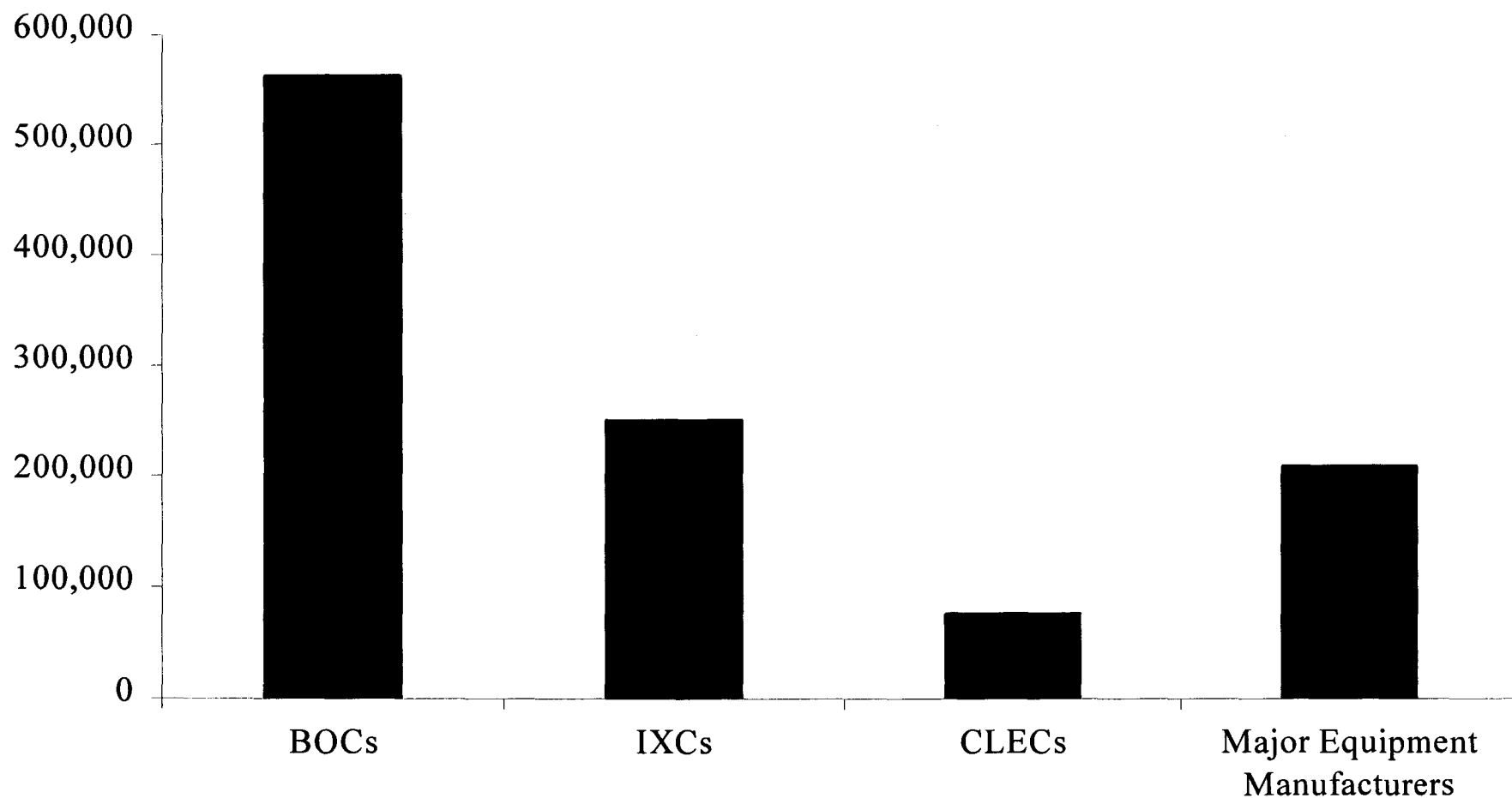
Telecom Employment 1995-2002



Sources: 1995-2001. Company reports and press releases; Investext analyst reports; news articles. 2002. L. Uchitelle, *Job Cuts Take Heavy Toll on Telecom Industry*, N.Y. Times (June 29, 2002); WorldCom Press Release, *WorldCom Announces Intention to Restate 2001 and First Quarter 2002 Financial Statements* (June 25, 2002).

Proposed Solution - Cost Structure

Current Jobs Left in Telecom

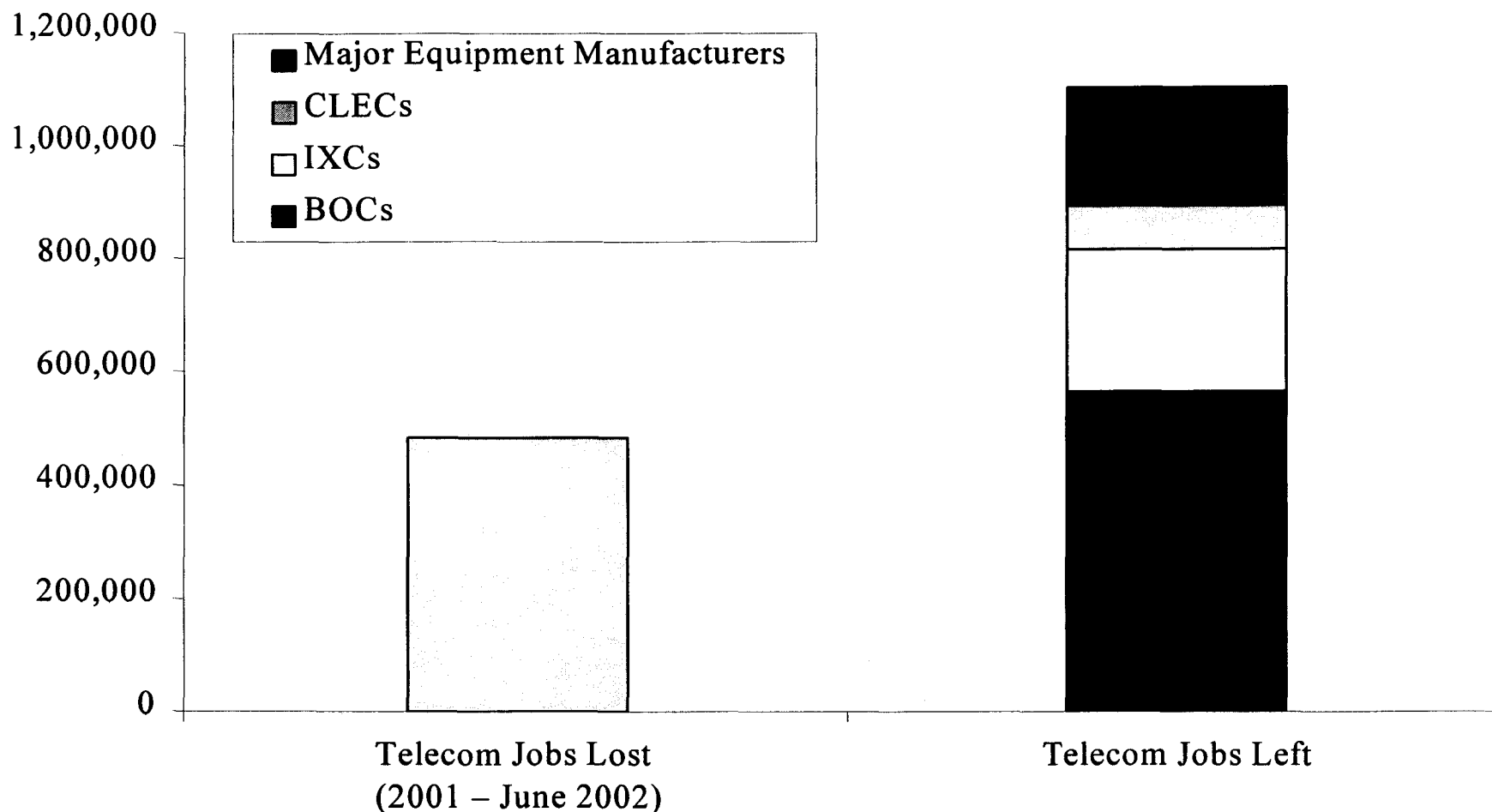


IXCs include AT&T, WorldCom, and Sprint. CLECs do not include AT&T, WorldCom, or ALLTEL.

Sources: Company reports and press releases; L. Uchitelle, *Job Cuts Take Heavy Toll on Telecom Industry*, N.Y. Times at C1 (June 29, 2002); ALTS, *The State of Local Competition 2002* at 8 (Apr. 2002).

Proposed Solution Cost-Structure

Current Jobs Left in Telecom



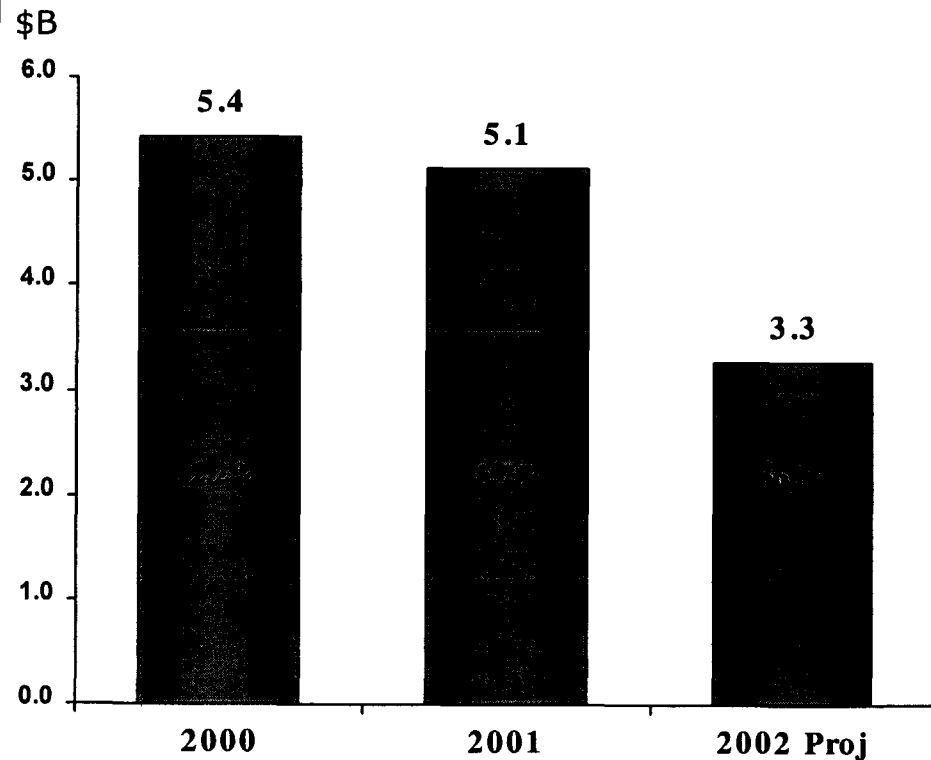
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Sources: Company reports and press releases; L. Uchitelle, *Job Cuts Take Heavy Toll on Telecom Industry*, N.Y. Times at C1 (June 29, 2002); ALTS, *The State of Local Competition 2002* at 8 (Apr. 2002); *Layoffs Near 2 Million*, San Jose Bus. J. (Jan. 3, 2002) <http://sanjose.bizjournals.com/sanjose/stories/2001/12/31/daily23.html> (Challenger, Gray & Christmas estimate for 2001); E. Colkin, *Telecom Leads Layoff List*, InformationWeek.com (July 2, 2002), <http://www.informationweek.com/story/IWK20020702S0003> (Challenger, Gray & Christmas estimate for 2002).

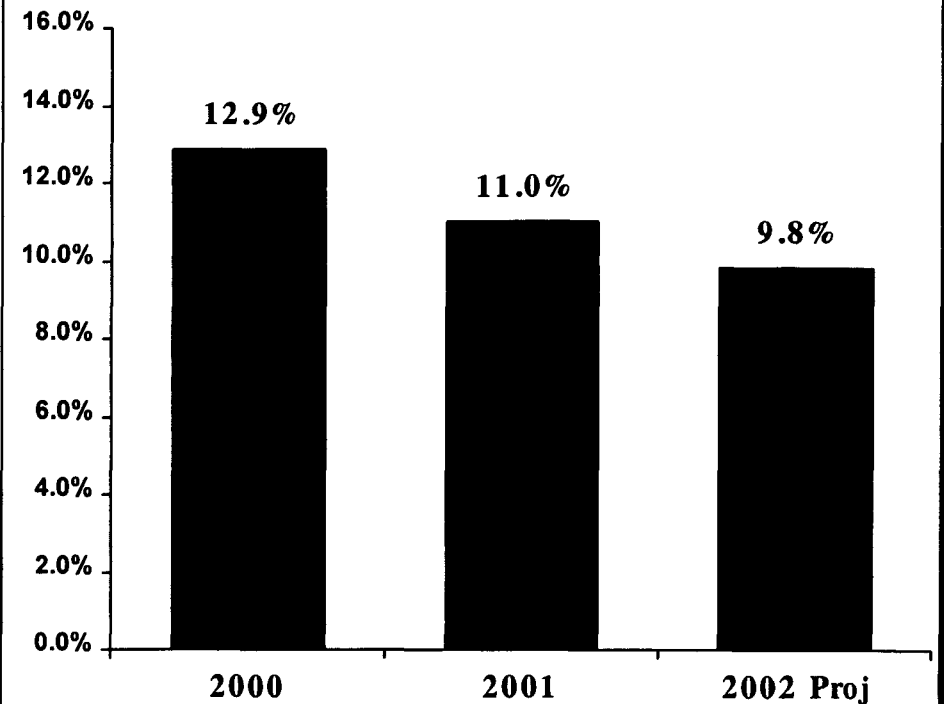
Proposed Solutions – Cost Structure

- Declining revenues have placed substantial pressure on capital spending and innovation in order to attempt to sustain asset returns and strengthen the balance sheet.

Annual Capital Spending

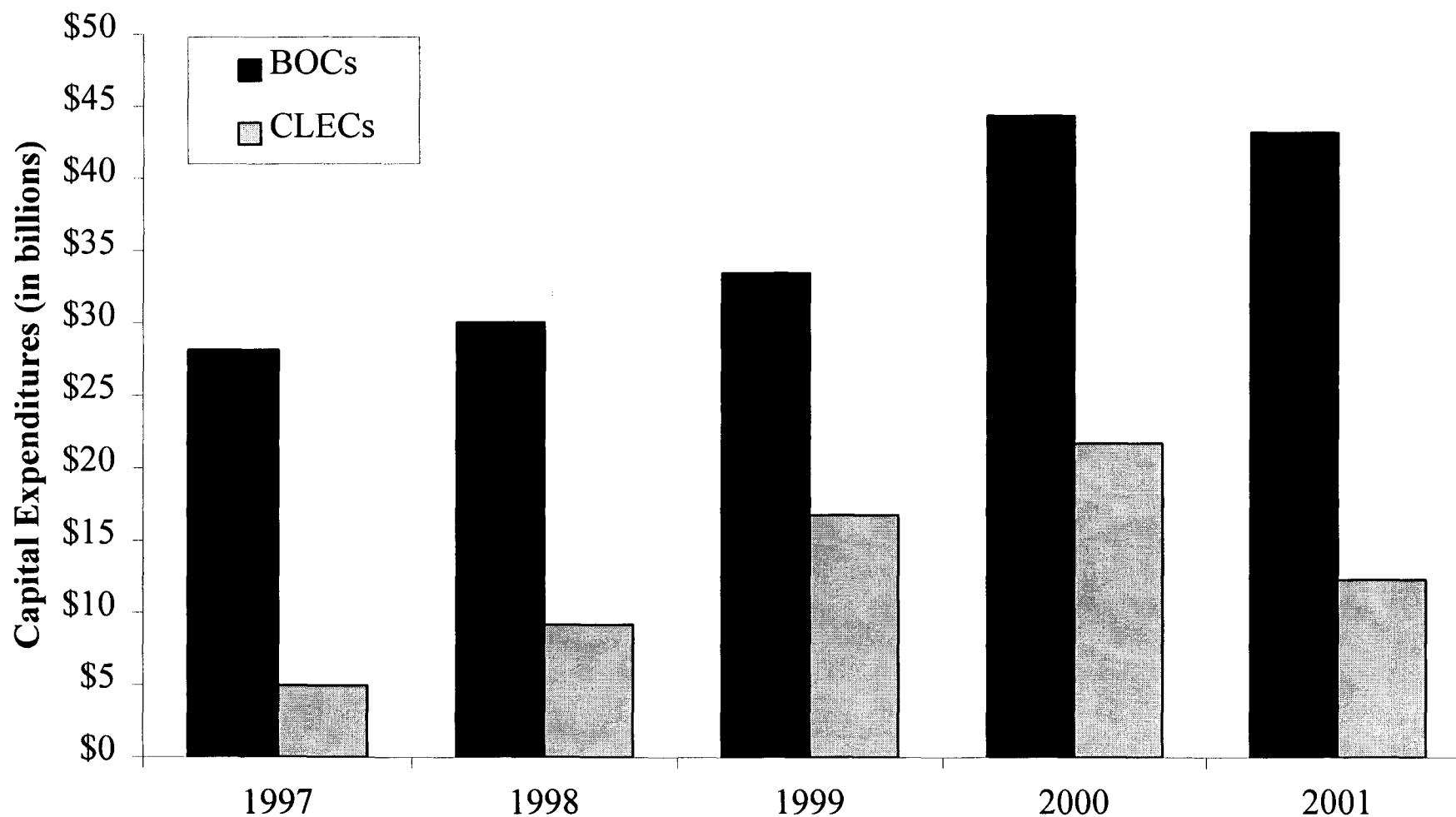


Return on Assets



Proposed Solutions – Cost Structure

Capital Expenditures



Sources: BOC company reports; Association for Local Telecommunications Services, *The State of Local Competition 2002* (Apr. 2002) at 11 (CLEC capital expenditures through 3Q 2001 and projected 4Q 2001 expenditures).

Proposed Solutions – Cost Structure

- The Telecom industry has demonstrated that heavy debt does not mix well with anemic growth – over 80 companies have filed for bankruptcy protection since January 2000.

Ten Largest Bankruptcy Filings in Telecom (\$ bn)

Company	Date	Assets	Company	Date	Assets
1 WorldCom	7/21/02	\$107.0	6 Metromedia Fiber Network	5/20/02	\$7.0
2 Global Crossing	1/28/02	25.5	7 360Networks	6/28/01	6.3
3 Adelphia Communications	6/25/02	24.4	8 Exodus Communications	9/26/01	6.0
4 NTL	5/8/02	16.8	9 Williams Communications	4/22/02	6.0
5 XO Communications	6/17/02	9.1	10 McLeodUSA	1/30/02	4.8

Other Bankruptcies

Company	Date	Company	Date	Company	Date	Company	Date
Adelphia Business Solutions	3/27/02	FLAG Telecom Holdings	4/12/02	Mpower Holding	4/8/02	SSE Telecom	5/17/01
Adesta Communications	11/2/01	FutureOne	3/29/01	NEON Communications	6/25/02	Star Telecommunications	3/13/01
Advanced Radio Telecom	4/20/01	General Datacomm Industries	11/2/01	Net2000 Communications	11/16/01	StarBand Communications	5/31/02
Advanced Telcom Group	5/2/02	Global Telesystems	11/14/01	NetVoice Technologies	10/17/01	Startec Global Communications	12/14/01
Ahead Communications Systems	2/7/02	Globalstar	2/15/02	Network Plus	2/4/02	Telecom Consultants	2/23/01
American Metrocomm	8/16/00	Grapes Communications	4/16/02	NorthPoint Communications	1/16/01	Teleglobe Holdings	5/15/02
Anicom	1/5/01	GRG	8/7/01	Novo Networks	7/30/01	Teligent Communications	5/21/01
Arch Wireless	12/6/01	GST Telecommunications	5/17/00	Orbcomm Global	9/15/00	Telscape International	4/27/01
At Home Corp. (Excite@Home)	9/29/01	iBEAM Broadcasting	10/11/01	Pacific Gateway Exchange	12/29/00	U.S. Wireless	8/29/01
Birch Telecom	7/29/02	ICG Communications	11/14/00	Paging Network (PageNet)	7/24/00	Ursus Telecom	4/6/01
BroadLink Wireless	6/25/02	IMPSAT Fiber Networks	6/11/02	Pathnet Telecommunications	4/2/01	Verado Holdings	2/15/02
Century Communications	6/10/02	Information Management Associates	7/24/00	Pensat	10/9/01	Versatel Telecom International	6/19/02
Clariti Telecommunications Int'l	4/18/02	International FiberCom	2/13/02	Pinnacle Holdings	5/21/02	Viatel	5/2/01
Convergent Communications	4/19/01	ITC DeltaCom	6/25/02	Pliant Systems	5/1/01	Wavve Telecommunications	8/15/01
Covad Communications	8/15/01	Lernout & Hauspie Speech Products	11/29/00	PNI Technologies	6/8/01	WebLink Wireless	5/23/01
Digital Broadband Communications	12/27/00	Let's Talk Cellular & Wireless	5/30/00	PNV	12/20/00	Western Integrated Networks (WINfirst)	3/11/02
DTI Holdings	12/31/01	Log on America	7/12/02	PSINet	5/31/01	Winstar Communications	4/18/01
e.spire Communications	3/22/01	Logix Communications Enterprises	2/28/02	qServe Communications	6/21/02	World Access	4/24/01
eGlobe	4/18/01	MarchFirst	4/30/01	Rhythms NetConnections	8/1/01	Yipes Communications	3/21/02
EqualNet Communications	8/9/00	Metrocall	6/3/02	RSL Communications	3/19/01	ZeroPlus.com	2/14/02

Source: Bloomberg, Thomson Financial, BankruptcyData.Com.

1. Excluding private companies and companies with pre-bankruptcy assets under \$100 mm.

Proposed Solution – Cost Structure

- **"Bankruptcy law effectively rewards and subsidizes market failure by deleting debt and allowing capacity to come back at irrational prices that solvent companies structures cannot match." [Precursor Group, 6/21/02]**

	<u>Before</u>	<u>After</u>	<u>% Change</u>
<u>Covad</u>			
<i>Filed: Aug-01 Emerged: Dec-01</i>			
Total Indebtedness:	\$1,338M	\$50M	-96 %
Annual Interest Expense:	\$150M	\$6M	-96 %
Cash and Investments:	\$295M	\$167M	-43 %
<u>ITC-Deltacom</u>			
<i>Filed: Aug-01 Emerged: TBD</i>			
Total Indebtedness:	\$724M	\$194M	-73 %
Annual Interest Expense:	\$60M	\$12M	-80 %
Cash and Investments:	\$23M	NAV	

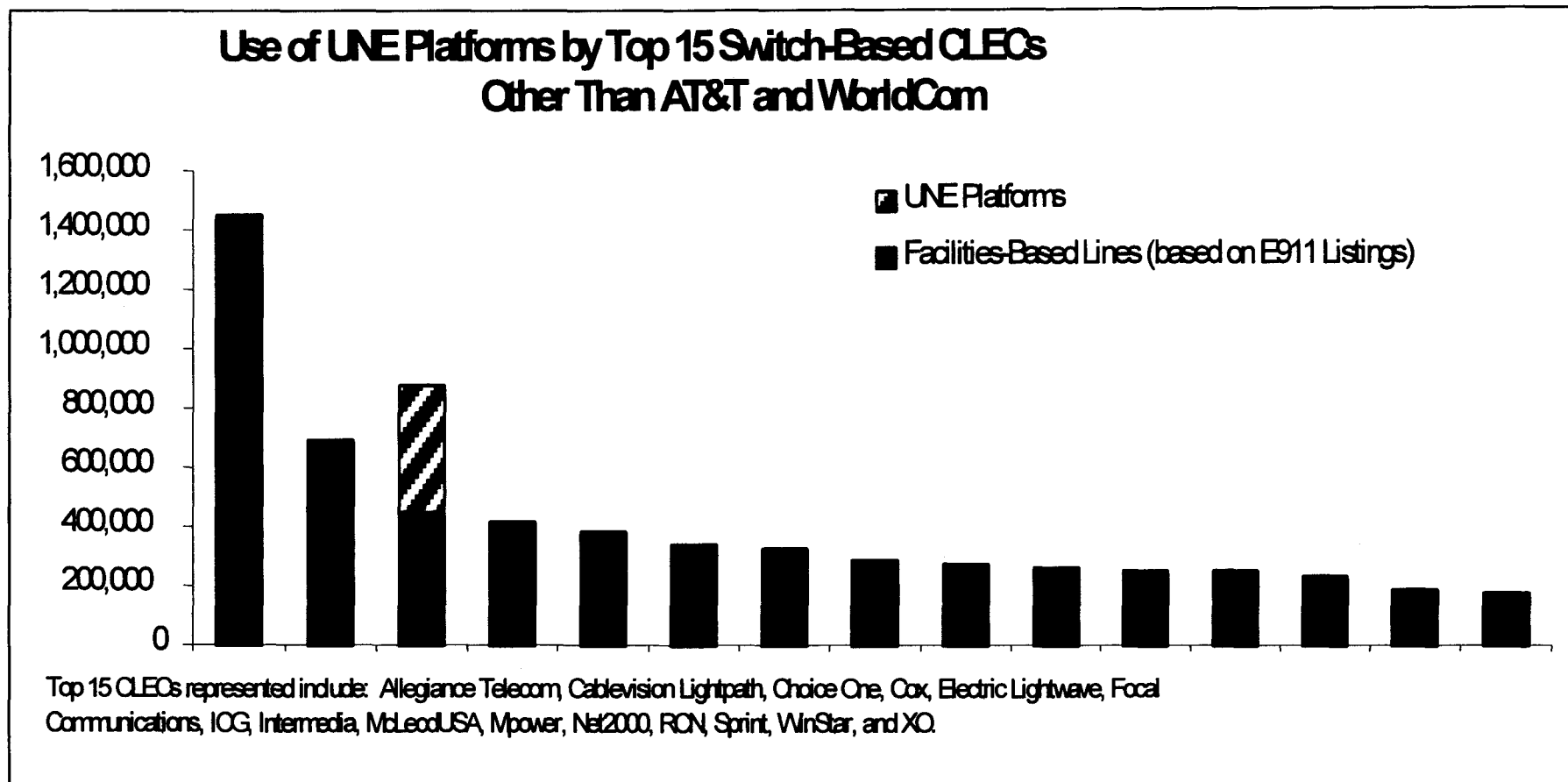
Proposed Solutions – Stabilize Network Economics

■ FCC can help stabilize network economics by:

- Limiting the number of UNEs available at TELRIC, especially switching and transport
- Act quickly on Triennial review
- Adopt policies that encourage investment
 - Broadband NPRM
 - TimeWarner/BellSouth framework
- Adopt policies that reward sound financial management
 - Approve deposit tariffs
 - Avoid actions that reward bankruptcy and fraud

Proposed Solutions – Stabilize Network Economics - Eliminate UNE-P at Telric

- Other than AT&T and WorldCom, the 15 largest CLECs that have deployed switches make virtually no use of UNE-P



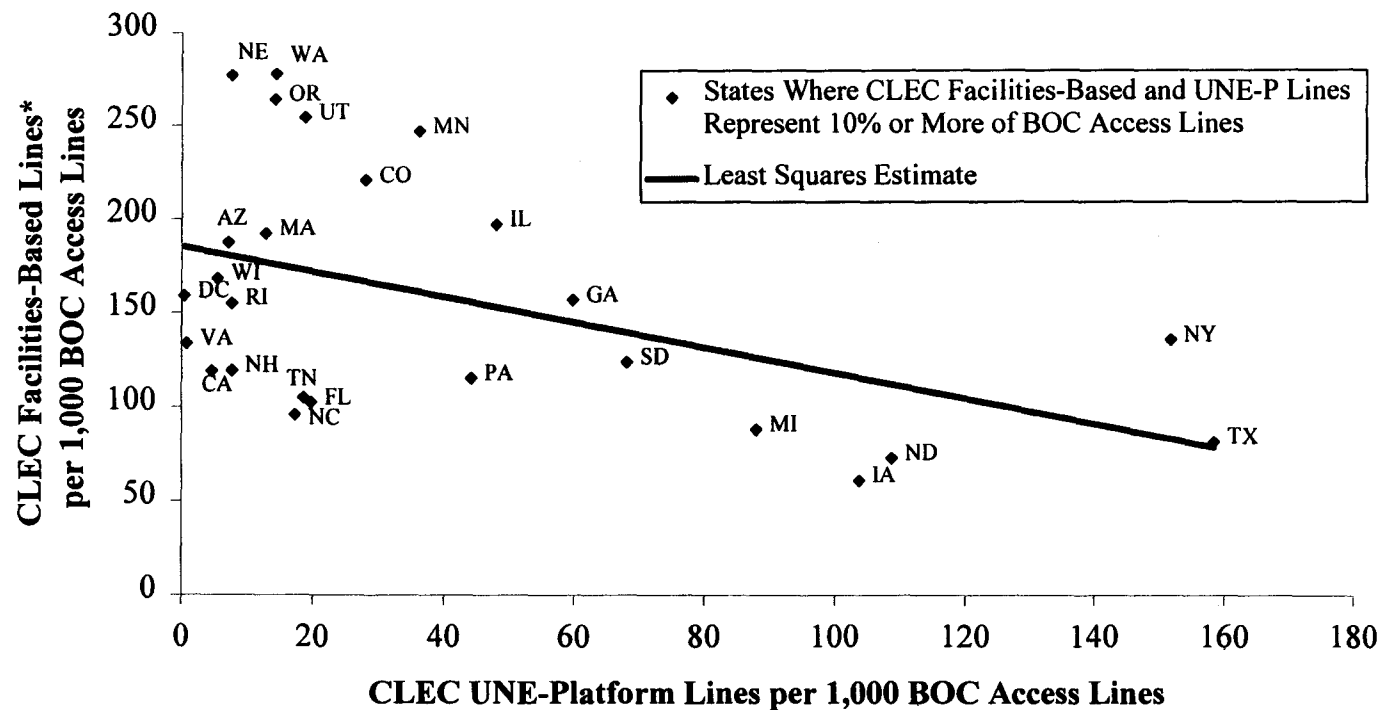
Source: Based on E911 listings
Fact Report reference: p. I-9

Proposed Solutions – Stabilize Network Economics - Eliminate UNE-P at Telric

The Availability of UNE P Decreases the Level of Facilities-Based Competition

- Data from all states with significant CLEC entry demonstrate that the availability of the UNE-P decreases the level of facilities-based competition.

Figure 1. Facilities-Based Competition Decreases as UNE-P Penetration Increases



*Facilities-based lines are based on CLEC E911 listings as of year-end 2001.

Proposed Solutions – Stabilize Network Economics - Eliminate UNE-P at Telric

Proposed Solution – Eliminate UNE-P Telric

- In New York, AT&T and WorldCom together provide UNE-P service to over 1M residential customers
- AT&T and WorldCom operate 28 local circuit switches in New York
- Yet the two companies have converted virtually none of these UNE-P customers to service utilizing their own switches
- Arbitrage opportunities are too rich to encourage new investment or even use of existing investment

Fact Report reference: pp. II-18-19

Proposed Solution – Stabilize Network Economics

- **While UNE-P does nothing to create sustained investment in Competitive networks, it does create huge concerns about the financial viability of the ILEC.**

Recent Analysts comments:

Deresdener Kleinworth Wassatein*

“From an macroeconomic point of view there are general concerns with the UNE-P system:

- It's a policy-stimulated transfer of wealth (from shareholders and employees to consumers), rather than being left to market forces.
- In the longer-term it could rob consumers of advanced services that require the RBOC's plentiful cash flow to fund.
- Asset write-downs will cause “stock-shock” and a shock to the telecom “supplier system.”

* UNE-P: The Un-Profitable RBOC (August 9, 2002)

Proposed Solution – Stabilize Network Economics

Recent Analysts comments: (continued)

UBS Warburg*

“Economics of UNE-P are Worse than we Originally Expected.

- UNE-P lines generate negative EBITDA in 18 States for the Bells (60% of US residential lines)

- Long Distance Opportunity is only a Partial Offset
 - Bells only need to add 1.3 Long Distance Customers for each UNE-P line added to break even at revenue line.
 - However, the Bells need to add 5.4 Long Distance Customers for each UNE-P line added to break even at EBITDA line.
 - “UNE-P IS AN EBITDA STORY, NOT A REVENUE STORY”

Solomon Smith Barney**

- “From a Bell perspective, as we’ve written many times over the past several months, this is a nightmare. They get half the revenue with the same cost.”

* The Regional Bells: How Much Pain from UNE-P

** SBC Communications Report (July 23, 2002)

Proposed Solution – Stabilize Network Economics

Recent Analysts comments: (continued)

Commerce Capital Markets*

- “For the CLECs, the lower UNE rates present the opportunity to enter the local market with minimal up-front investment.
- From the RBOC – investor’s perspective UNEP presents several problems. One is the reduction in revenues that comes from converting retail to wholesale revenues. The other is the pricing compression that comes from the RBOC’s an attempt to restructure their prices to compete with new entrants. Finally, there is the exposure during a period when an RBOC cannot yet enter long-distance, but the IXC’s have begun to enter its local market.”

Percursor Group*

- “There is a “telecom debt spiral” where over-capacity is not getting worked out of the system, but comes back less leveraged and on competitive steroids. The trends toward data and wireless present profit-challenged growth; and regulator-priced “competition” continues to deflate profits.”

* The States of 271 and UNE-Platform in the Regional Bell Territories (August 22, 2002)

** Percursor Investment Perspective (April 3, 2002)

Proposed Solution – Stabilize Network Economics

Eliminate transport as UNE (unnecessary for competition) and continue special access protections.

Special Access Facts

- 1985 – Teleport Provides Transport Services for special access to business customers in NY
- 1986 – 16 States authorize special access competition
- 1995 – 29 CAPS serve 100 cities with 21K fiber route miles
- 2001 – 1800 networks serve 70% of US population, 150 largest MSAs. 91/100 top MSAs served by 3 networks, 77 by 7, 59 by > 10.

Source – UNE Fact Report 2002, p.K-1

Proposed Solutions – Stabilize Network Economics

■ FCC can help stabilize network economics by:

- Limiting the number of UNEs available at TELRIC, especially switching and transport
- Act quickly on Triennial review
- Adopt policies that encourage investment
 - Broadband NPRM
 - TimeWarner/BellSouth framework
- Adopt policies that reward sound financial management
 - Approve deposit tariffs
 - Avoid actions that reward bankruptcy and fraud